California Insurance Code (Cal. Ins. Code) section 1677 requires the Limited Lines Automobile Agent examination be of sufficient scope to satisfy the Insurance Commissioner that an applicant has basicknowledge of insurance and insurance laws.

The new limited lines automobile insurance agent will be trained to sell/service the lines more commonly available, less complex lines first, the other lines later. Sufficientknowledge is what the typical new limited lines automobile agent needs to know at the start of one’s career.

The most specific knowledge is required in the following areas:

* General Insurance Concepts and Principles
* Insurance Code and Ethics
* Responsibilities and Authority of a Limited Lines Automobile Insurance Agent
* Personal Automobile Liability, Physical Damage, and Collision Coverage
* Motorcycle Coverage
* Property and Liability Basics
* Low-Cost Automobile Insurance
* Umbrella and Excess Liability Insurance
* A general understanding of all other of insurance and of how and where they apply.

In addition, this license authorizes the transaction of automobile insurance for the private, non-commercial use of the insured motor vehicle with a load capacity of 1,500 pounds or less. The insurance products that this license can transact are as follows:

* Automobile Liability Coverage, which is limited to coverage of bodily injury and property damage liability, medical payments, and uninsured motorists’ coverage.
* Automobile Physical Damage/Other than Collision or Comprehensive Coverage includes all coverage of loss or damage to an automobile insured under the policy except loss or damage resulting from collision or upset.
* Automobile Collision Coverage includes all coverage of loss or damage to an automobile insured under the policy resulting from collision or upset.

As stated in Cal. Ins. Code sections 1625.55 through 1625.57, a limited lines automobile insurance agent license is an “agent” license. In addition, Cal. Ins, Code section 1625.55 (c) further defines that the limited lines automobile insurance agent must be endorsed or appointed in order to act as an agent of a business entity or an insurer. As a result, the language in the Cal. Ins. Code precludes the limited lines automobile insurance agent from being authorized to “broker” personal automobile insurance business.

Cal. Ins. Code section 1749.1 (b) states, in part, that no prelicensing or continuing education course shall include sales training, motivational training, self-improvement training, or training offered by insurers or agents regarding new products or programs. The license examination shall also exclude those items.

Educational Objectives

The educational objectives are derived from the curriculum outline contained in Title 10, Chapter 5, Subchapter 1, Article 6.5, of the California Code of Regulations (10 Cal. Code Regs.) section 2187.6.

The Examination

The California Department of Insurance’s (CDI) limited lines automobile insurance agent license examination contains 60 multiple-choice questions. The examinees, without any aids (e.g., reference materials, electronic aids) are allowed one and one half (1 ½) hours to answer the 60-question multiple-choice examination.

Passing the examination is the completion of an important first step in a career in insurance and a continuing program of insurance education and experience for this applicant.

All questions are based on "standard" policies; current editions of Insurance Services Office (ISO) policies will be used as the standard where available.

CDI examinations are administered at the CDI test center in Los Angeles, at a CDI license examination vendor’s, PSI Services LLC (PSI), test centers located throughout California, or a PSI online remote proctored license examination.

CDI’s test center examinations begin at 8:30 a.m. (8:00 a.m. check in) and 1:00 p.m. (12:30 p.m. check in), Monday through Friday, except on state holidays:

|  |
| --- |
| **CDI Los Angeles Test Center:**  Ronald Reagan Building  300 South Spring Street  North Tower, Suite 1000  Los Angeles, California 90013 |

PSI’s test centers are located at the following locations:

|  |  |  |  |
| --- | --- | --- | --- |
| Agoura Hills | Fresno | Sacramento | Santa Rosa |
| Atascadero | Irvine | San Diego | Union City |
| Bakersfield | Lawndale | San Francisco | Ventura |
| Carson | Redding | Santa Clara | Visalia |
| Diamond Bar | Riverside | Santa Fe Springs | Walnut Creek |
|  |  |  |  |

Online remote proctored license examinations are administered on dates and times selected by the license examinee.

Candidate Information Bulletin

The Candidate Information Bulletin provides detailed information on how to prepare for a license examination, prelicensing education requirements, examination site procedures, sample examination questions, and addresses for CDI’s Los Angeles and PSI’s test centers. Please review the following link:

<http://www.insurance.ca.gov/0200-industry/0020-apply-license/0100-indiv-resident/CandidateInformation.cfm>

For additional information on license examinations (e.g., online examination scheduling, fingerprint requirements, examination admittance, forms of identification, check your scheduled examination date, check your examination results), please review the following link:

[http://www.insurance.ca.gov/0200-industry/0010-producer-online-services/0200-exam-info/index.cfm](http://www.insurance.ca.gov/0200-industry/0010-producer-online-services/0200-exam-info/index.cfm" \o "blocked::http://www.insurance.ca.gov/0200-industry/0010-producer-online-services/0200-exam-info/index.cfm)

Table of Contents

I. General Insurance (15 percent of examination questions)

A. Basic Insurance Concepts and Principles

B. Contract Law

C. The Insurance Marketplace

D. Legal Concept: Tort Law

II. Property Insurance (5 percent of examination questions)

A. Property Basics

B. Policies

C. Classes of Insurance

III. Personal Auto Insurance (80 percent of examination questions)

A. Personal Auto

B. Umbrella and Excess Liability Insurance

I. General Insurance

A. Basic Insurance Concepts and Principles

1. Be able to identify, recognize, or differentiate between:
2. examples of insurance as defined in Cal. Ins. Code section 22
3. the definition of risk
4. a pure risk and a speculative risk
5. a definition of peril
6. a definition of hazard
7. moral, morale, physical, and legal hazards
8. the law of large numbers
9. a definition or the correct usage of the terms loss and loss exposure (e.g., property loss exposure, liability loss exposure)
10. risk management techniques
11. the requisites of an ideally insurable risk
12. the definition of insurable events, Cal. Ins. Code section 250
13. the definitions of insurable interest and indemnity, and be able to recognize the applicability of these terms to a given situation
14. why insurers underwrite the insurance applications they receive
15. the concepts of adverse selection and spread of risk
16. the benefits and the costs of insurance to society (i.e., loss control, loss payments, securing credit, etc.)
17. a correct explanation of the role of deductibles in insurance
18. a definition of reinsurance, Cal. Ins. Code section 620, and the purposes and benefits of insurers obtaining reinsurance
19. that the Code:
    1. divides lines of insurance into classes, Cal. Ins. Code section 100
    2. defines these classes, Cal. Ins. Code sections 101 through 120

I. General Insurance

B. Contract Law

1. Be able to identify and compare contract law andtort law

2. Be able to identify the four major elements of a contract: competent parties, legal purpose, offer and acceptance, and consideration

3. Be able to identify the meaning and effect of the following special characteristics of an insurance contract:

1. aleatory
2. conditional contract
3. contract of adhesion
4. indemnity
5. personal contract
6. unilateral
7. utmost good faith

4. Be able to identify the term insurance policy, Cal. Ins. Code section 380

5. Be able to identify the meaning and effect of each of the following on a contract:

a. fraud, Cal. Ins. Code sections 338 and 1871.2

b. concealment, Cal. Ins. Code sections 330 through 339

1. be able to identify information that does not need to be communicated in a contract, Cal. Ins. Code section 333:

1) Those which the other knows

2) Those which, in the exercise of ordinary care, the other ought to know, and of which the party has no reason to suppose him ignorant

3) Those of which the other waives communication

4) Those which prove or tend to prove the existence of a risk excluded by a warranty, and which are not otherwise material

5) Those which relate to a risk excepted from insurance, and which are not otherwise material

c. materiality, Cal. Ins. Code section 334

i. know that the materiality of concealment is the rule used to determine the importance of a misrepresentation

d. representations, Cal. Ins. Code sections 350 through 361

1. a representation is false when the facts fail to correspond with its assertions or stipulations, Cal. Ins. Code section 358
2. a representation cannot qualify an express provision in a contract of insurance, but it may qualify an implied warranty, Cal. Ins. Code section 354
3. know when a representation can be altered or withdrawn, Cal. Ins. Code section 355

e. warranty (express/implied), Cal Ins. Code sections 440 through 445 and 447

f. waiver and estoppel

g. know that intentional or unintentional concealment entitles an injured party to rescission of a contract, Cal. Ins. Code section 331

6. Be able to identify six required elements which must be specified in all insurance policies, Cal. Ins. Code section 381

7. Be able to identify:

a. the meaning of the term rescission

b. when an insurer has the right of rescission, Cal. Ins. Code sections331, 338, 359, and 447

8. Given an insurance situation, be able to identify the following terms correctly:

a. application, policy, endorsement

b. cancellation, lapse, grace period

c. rate, premium, earned and unearned premium

9. Be familiar with the grace period for premiums after a declared emergency, Cal. Ins. Code section 2062

I. General Insurance

C. The Insurance Marketplace

1. Be able to identify different distribution systems that include, but are not limited to, the following:

a. agency

1. independent agent
2. captive agent
3. brokers

b. direct response

c. online direct sales

I. General Insurance

C. The Insurance Marketplace

2. Be able to:

a. understand the general rules of agency as they apply to an agent, broker, and the insurance company

1. differentiate between agents, Cal. Ins. Code section 31, and brokers, Cal. Ins. Code section 33
2. the responsibilities and duties of each to insureds and insurers
3. the effect of the types of authority an agent may exercise (express, implied, or apparent)

b. with regard to the underwriting of applicants and/or insureds, be able to:

1. identify a producer’s responsibilities (e.g., ”field underwriting”)
2. understand the insurers’ requirements

c. define the following:

1. insurance agent, Cal. Ins. Code section 1621
2. limited lines automobile agent, Cal. Ins. Code section 1625.55
3. solicitor, Cal. Ins. Code section 34
4. personal lines licensee, Cal. Ins. Code section 1625.5
5. surplus lines broker, Cal. Ins. Code sections 47 and 1765

d. define transact and understand why transacting insurance without a license is important, Cal. Ins. Code sections 35, 1631, and 1633, and know the penalties for transacting without a license, Cal. Ins. Code section 1633

e. understand written consent in regard to interstate commerce (prohibited persons in insurance), and be able to:

* 1. identify what conduct is prohibited by Title 18 United States Code (18 USC) section 1033
  2. identify what civil and criminal penalties apply, 18 USC sections 1033 and 1034

f. recognize the differences between the authority of an agent and a solicitor, Cal. Ins. Code section 1624

g. for insurance agent’s errors & omissions insurance, identify:

1. the types of coverages available
2. the types of losses commonly covered and not covered
3. the need for the coverage
4. how errors & omissions insurance is applied

h. recognize prohibited acts involving non-admitted insurers unless licensed as a surplus lines broker, Cal. Ins. Code section 703

i. identify the prohibitions of free insurance, Cal. Ins. Code section 777.1

j. identify the Code requirements for the following:

1. an agency name, use of name, and prohibited words, Cal. Ins. Code sections 1724.5,1729.5, and 10 Cal. Code Regs. section 2052.4
2. change of address, Cal. Ins. Code section 1729
3. filing license renewal application, Cal. Ins. Code section 1720
4. printing license number on documents, Cal. Ins. Code section 1725.5
5. internet advertisements, Cal. Ins. Code section 1726(a)

k. identify the code specifications regarding producer application investigation, denial of applications, and suspension or revocation of license, Cal. Ins. Code sections 1666, 1668 through 1669, and 1738

I. identify the importance and the scope of the Code regarding:

1. the filing of a notice of appointment to transact insurance, Cal. Ins. Code sections 1704 and 1705
2. an inactive license, Cal. Ins. Code section 1704(b)
3. surrender or cancellation of a license by the licensee, Cal. Ins. Code section 1708

m. identify the scope and effect of the Code regarding termination of a (producer) license, including when producers dissolve a partnership, Cal. Ins. Codes sections 1708 through 1712.5

n. identify and apply:

1. the definition of the term “fiduciary”
2. producer fiduciary duties described in the Code, Cal. Ins. Code sections 1733 through 1735

o. identify the continuing education (CE) requirements for:

1. an individual licensed as a property broker-agent and/or casualty broker-agent
2. know that all licensees must complete a 3-hour course in ethics as part of the required hours of CE prior to each license renewal

p. identify the licensee’s duty for disclosure of the effective date of coverage, Cal. Ins. Code section 1730.5

q. reporting of administrative actions and criminal convictions, Cal. Ins. Code section 1729.2

i. know that an applicant or licensee shall notify the Commissioner when any of the background information set forth in Cal. Ins. Code section 1729.2 changes after the application has been submitted or the license has been issued

ii. notice is required within 30 days of any change in background information

r. be able to identify, apply the meaning of, and list concrete examples of the following ethical mandates:

i. place the customer's interest first

ii. know your job and continue to increase your level of competence

iii. identify the customer’s needs and recommend products and services that meet those needs

iv. accurately and truthfully represent products and services

v. avoid jargon; use layperson’s language when possible

vi. stay in touch with customers and conduct periodic coverage reviews

vii. maintain confidentiality and protect the privacy of customer information using physical and electronic safeguards

viii. keep informed of and obey all insurance laws and regulations

ix. avoid unfair or inaccurate remarks about the competition

s. be able to identify that the Cal. Ins. Code and the Cal. Code Regs. identify many unethical and/or illegal practices, but they are NOT a complete guide to ethical behavior (for example: Cal. Ins. Code section 785)

t. be able to provide examples of different types of ethical dilemmas that licensees might face

u. be able to identify special ethical concerns that may occur regarding pretext interviews, Cal. Ins. Code section 791.03

I. General Insurance

C. The Insurance Marketplace

3. Insurers

a. be able to differentiate between:

1. admitted and non-admittedinsurers, Cal. Ins. Code sections 24 through 25
2. domestic, foreign, or alien insurers, Cal. Ins. Code sections 26 through 27 and 1580
3. mutual and stock insurers, Cal. Ins. Code section 11535.1
4. regulation of an admitted insurer and non-admitted insurer, and the potential consequences for consumers, Cal. Ins. Code sections 24, 25, and 1760 through 1780

b. be able to identify:

1. the functions of the following major operating divisions of insurers: marketing/sales, underwriting, claims, actuarial
2. market conduct regulations as the state laws that regulate insurer practices regarding underwriting, sales, ratemaking, and claims handling
3. who may be an insurer, Cal. Ins. Code section 150

iv. the penalty for unlawfully acting as an agent for a non-admitted insurer or broker or aiding a non-admitted insurer to transact business in this state for a home state insured, Cal. Ins. Code sections 703 and 1760.1(f)

iv. the distinctions between person, association, organization, partnership, business trust, limited liability company, or corporation, Cal. Ins. Code section 19

v. reciprocals and risk retention groups, and the limitations on state regulation of risk retention groups under the federal Liability Risk Retention Act, and the possible impact on consumers, Cal. Ins. Code sections 125 through 140 and 15 USC sections 1011 through 1015

I. General Insurance

C. The Insurance Marketplace

4. Market regulation – general

a. be able to identify:

1. the purpose of insurance regulation and the significance of the McCarran-Ferguson Act, 15 USC sections 1011 through 1015

ii. the Cal. Ins. Code and how it may be changed

iii. the 10 Cal. Code Regs., Chapter 5, and how it may be changed

iv. how the Insurance Commissioner is selected and the responsibilities of the position, Cal. Ins. Code sections 12900 and 12921

1. the correct application of the unfair practices article, including its prohibitions and penalties, Cal. Ins. Code sections 790 through 790.10

b. be able to identify the privacy protection provisions of:

1. the California Financial Information Privacy Act, California Financial Code sections 4050 through 4060
2. Insurance Information and Privacy Protection Act regarding practices, prohibitions, and penalties, Cal. Ins. Code sections 791 through 791.26
3. Health Insurance Portability and Accountability Act (HIPPA)

iv. Privacy of Nonpublic Personal Information, 10 Cal. Code Regs. sections 2689.4 through 2689.22

v. California Consumer Privacy Act of 2018 (effective January 1, 2020)

vi. California’s “Shine the Light” Law (California Civil Code section 1798.83)

c. be able to define an insolvent insurer, Cal. Ins. Code section 985,

and know:

1. the definition of an insolvent insurer includes either:

1) Any impairment of minimum "paid-in capital" or "capital paid in," as defined in Cal. Ins. Code section 36, required in the aggregate of an insurer by the provisions of this code for the class, or classes, of insurance that it transacts anywhere

2) An inability of the insurer to meet its financial obligations when they are due

1. an insurer cannot escape the condition of insolvency by being able to provide for all its liabilities and for reinsurance of all outstanding risks; an insurer must also be possessed of additional assets equivalent to such aggregate "paid-in capital" or "capital paid in" required by this code after making provision for all such liabilities and for such reinsurance, Cal. Ins. Code sections 985 (a)(1) and (2)
2. the definition of paid-in capital, Cal. Ins. Code sections 36 and 985
3. that it is a misdemeanor to refuse to deliver any books, records, or assets to the Commissioner once a seizure order has been executed in an insolvency proceeding, Cal. Ins. Code section 1013

d. be able to identify:

i. the scope and correct application of the conservation proceedings described in the Cal. Ins. Code sections 1011, 1013, and 1016

ii. the purpose and scope of the Code with regard to the California Insurance Guarantee Association, Cal. Ins. Code sections 1063 (a), (b), (c), and 1063.1 (a), (b), (c), (1)(2)

iii. common circumstances that suggest the possibility of fraud

1. know that if an insured signs a claim form for a claim which is fraudulent, the insured may be found guilty of perjury

iv. efforts to combat fraud, Cal. Ins. Code sections 1872, 1874.6, 1875.8, 1875.14, 1875.20, and 1877.3 (b)(1)

1) Be able to describe the steps a licensed agent should take when fraud is suspected

v. the scope and correct application of the false and fraudulent claims article of Cal. Ins. Code sections 1871.1 through 1872.5

vi. acts and practices prohibited by Cal. Ins. Code sections 679.70 through 679.74

vii. the requirements for rates to be approved or remain in effect, Cal. Ins. Code section 1861.05 (a)

viii. the types of ratings regulations (prior approval, file & use, use & file, open competition) and the system used by the state of California to regulate rates for most property and casualty insurance written in California, Cal. Ins. Code section 1861.05 (c)

ix. the distinctions between and uses of “shall” and “may,” Cal. Ins. Code section 16

x. the requirements for notice by mail, Cal. Ins. Code section 38

e. with regard to the fair claims settlement practices regulations, be able to identify:

i. the sixteen claim practices that are prohibited by Cal. Ins. Code section 790.03

ii. how the regulations relate to Cal. Ins. Code section 790.03

1) A definition of each of the following:

a) claimant, 10 Cal. Code Regs. section 2695.2 (c)

b) notice of legal action, 10 Cal. Code Regs. section 2695.2 (o)

c) proof of claim, 10 Cal. Code Regs. section 2695.2 (s)

2) file and record documentation, 10 Cal. Code Regs. section 2695.3

3) duties upon receipt of communications, 10 Cal. Code Regs. section 2695.5

4) standards for prompt, fair, and equitable settlements, 10 Cal. Code Regs. sections 2695.7 (a), (b), (c), (g), and (h)

5) additional standards applicable to first party residential and commercial insurance policies, 10 Cal. Code Regs. section 2695.9

I. General Insurance

C. The Insurance Marketplace

5. Excess and Surplus (E&S) Lines

a. with regard to surplus lines, be able to identify:

i. what the term "surplus lines" means

ii. the marketplace needs met by surplus lines

iii. the requirements to be met before a risk may be placed with a surplus lines insurer

iv. how surplus linesandspecial lines surplus lines brokers interact with agents

v. the absence of binding authority when placing business through excess and surplus lines brokers, Cal. Ins. Code section 1764.2

vi. the non-standard nature of the coverages provided, and that:

1. An excess and surplus lines insurer writes standard coverages in a state where the insurer is unlicensed
2. A standard market insurer is an admitted insurer who offers rates for insurance coverage to insureds who have an average or better than average loss exposure

vii. conditions that must be met before business may be obtained from these carriers, Cal. Ins. Code section 1761

viii. what is the List of Approved Surplus Lines Insurers (LASLI)? The following link will provide access to this list: <http://www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm>

ix. what is the Quarterly Listing of Alien Insurers issued by the NAIC's International Insurers Department ("IID List")? The following link will provide access to this list:

<https://www.naic.org/prod_serv/QLS-AS-230.pdf>

I. General Insurance

D. Basic Legal Concepts: Tort Law

1. Be able to identify and/or recognize:

a. torts are forms of civil wrongdoings, including:

i. intentional torts

ii. negligence

iii. absolute/strict liability

b. the four essential elements of negligence:

i. duty

ii. breach

iii. proximate cause

iv. damages

c. the principles of “proximate cause” and “efficient proximate cause”

d. legal defenses against “negligence”

e. the reasons for the absolute and strict liability doctrines and recognize situations in which they would apply

f. examples of intentional torts (e.g., libel, slander, false arrest)

g. definitions of gross negligence and vicarious liability

h. various types of damages available under tort law:

i. compensatory, which includes special and general damages

ii. punitive

i. the difference between comparative and contributory negligence doctrines, and know which one applies under California tort law

i. be able to compute a loss payment applying the doctrines of:

a) comparative negligence

b) contributory negligence

j. the assumption of the risk doctrine, and know:

i. how it applies to strict liability

ii. that it may be asserted as a legal defense

II. Property Insurance (15 percent of examination questions)

A. Property Basics

1. Know:

a. the Insurance Services Office (ISO) is an advisory organization that also

develops standard forms for the market

b. AM Best, Fitch, Moody’s, and Standard and Poor’s are examples of

independent ratings organizations, and know what their ratings indicate

c. the principal risk management methods used to identifyloss exposures, and the advantages and disadvantages of each method

d. the difference between direct andindirect (consequential*)* property losses

e. common indirectloss exposures

f. the terms expense ratio, loss ratio, and combined ratio

g. the definitions of and distinctions between the following policy forms:

i. “all-risk”

ii. “openperil”/“special form”

iii. “named peril” (e.g., basic, broad, and special)

h. be able to identify the terms and differentiate between:

i.short rate/flat rate/pro*-*rata cancellation

ii. cancellation/non-renewal/lapse

iii. unearned/earned premium and be able to identify their correct computation

iv. “judgment rating,” “merit rating,” and “manual rating”

v. first party claimant, third party claimant, subrogation, and arbitration

vi “loss reserves” and “statutory reserves”

viii. property and liability (casualty) insurance coverages

i. be able to identify:

i. the requirements to be met to assign a policy from one insured to another

ii. a definition of “loss cost rating” and the reason for its use

iii. the requirement for an insurable interest to exist, Cal. Ins. Code sections 280 through 287

iv. contingent or expectant interests are not insurable, Cal. Ins. Code section 283

v. apply the term “concurrent cause” to a loss where two perils are involved in the same event but only one peril is covered under the policy (e.g., fire following earthquake, Cal. Ins. Code section 10088.5, and mudslide following wildfire)

II. Property Insurance

B. Policies

1. Be able to identify:

a. the major components of insurance policies (e.g., declarations, insuring agreements, definitions, conditions, exclusions, endorsements)

b. common policy provisions (i.e., insured’s right to cancel, assignment of policy, supplementary payments, severability, liberalization, etc.)

c. a valued policy, Cal. Ins. Code sections 2053 and 2054, and be able to identify and compute loss payments according to the different types of valuation commonly used in insurance policies (actual cash value, replacement cost, market value, agreed value, and stated value)

d. the protection of a mortgagee’s interest contained in most mortgage clauses

e. the difference between concurrent and non-concurrent coverage under two or more policies of insurance issued for the same property

f. the Code requirements pertaining to policy cancellation/failure to renew, Cal. Ins. Code sections 481.5, 660 through 669.5, 670, 673, and 675 through 679.6

g. identify restrictions regarding referral of auto insureds to repair facilities, Cal. Ins. Code section 753

h. identify the following unlawful practices:

i. additional standards applicable to automobile insurance, Cal. Code Regs. section 2695.8(e)

ii. requirements, suggestions, or recommendations by insurer regarding repair of automobiles at specific automobile repair dealers; conditions; disclosure; powers of commissioner, Cal. Ins. Code section 758.5

II. Property Insurance

C. Classes of Insurance, Cal. Ins. Code sections 100 through124

1. Have basic familiarity with the coverages a property and casualty broker-agent may be appointed to transact:

a. fire

b. ocean marine /inland marine

c. surety

d. plate glass

e. liability

f. workers’ compensation

g. common carrier liability

h. boiler and machinery

i. burglary

j. credit

k. sprinkler

l. team and vehicle

m. automobile

n. aircraft

III. Personal Lines Insurance

A. Personal Auto

1. General concepts. Be able to identify:

a. the Financial Responsibility Law and minimum individual or insurance policy requirements, California Vehicle Code (CVC) sections 16020, 16021, 16025, 16056, and 16451, and notice requirements pursuant to Cal. Ins. Code section 11580.1(b)(1) and CVC section 16054

b. how a particular personal auto policy being sold to the consumer may differ from the ISO PAP

c. under an ISO PAP, be able to identify:

i. the eligibility requirements for coverage

ii. who is an insured, including the provisions regarding how the policy responds when an insured is no longer a spouse living in the same household

1) Know that any person qualifies as an insured while using a covered auto

iii. the policy territorial limits

iv. the difference between "share-the-expense car pools" and "for-hire" situations

v. the coverage that applies to newly acquired auto and “your covered auto”

vi. the coverage that applies to a non-owned private passenger auto rented by an insured while on a short vacation

d. situations in which the policy provides:

i. primary coverage

ii. excess coverage

iii. special physical damage

e. regarding good driver discounts:

i. the eligibility requirements to receive a good driver discount, Cal. Ins. Code section 1861.025

ii. the discount percentage of the good driver discount, Cal. Ins. Code section 1861.02

iii. the three principal rating factors for personal auto policies, Cal. Ins. Code section 1861.02 (a)

f. be able to understand the provisions of the California amendatory endorsements and be able identify:

i. the permitted reasons for an insurer to cancel or non-renew an automobile policy, Cal. Ins. Code sections 661 and 1861.03(c)(1)

ii. the number of days of notice required, Cal. Ins. Code sections 662 and 663

g. for newly acquired autos, know that:

i. a newly acquired auto will have the broadest coverage provided for any vehicle shown in the declarations, except for collision coverage for damage to your auto

ii. if the insured has collision coverage on at least one auto listed on the declarations page, all coverage on a newly acquired auto begins on the date the insured becomes the owner (for example, the ISO policy requires the insured to notify the insurer within 14 days)

iii. if the insured does not have collision coverage on at least one auto listed on the declarations page, collision coverage on a newly acquired auto begins on the date the insured becomes the owner, but the insured must request collision coverage within 4 days

h. regarding Transportation Network Companies (TNC) (e.g., Uber, Lyft), know that:

i. personal auto insurance rarely covers the driver while working for a TNC

ii. insurers have products that specifically cover the driver while working for a TNC; a list of available TNC coverage can be found on CDI’s webpage at: <http://www.insurance.ca.gov/01-consumers/105-type/82-TNC-Ridesharing/upload/1-12-17TNCProductApprovalChartPublic.pdf>

iii. Public Utilities Code section 5433 requires the TNC to provide specific coverages to the driver

1. regarding personal vehicle sharing, know that:
   * 1. personal vehicle sharing means the use of private passenger vehicles by persons other than the vehicle’s owner in connection with a personal vehicle sharing program as defined by Cal. Ins. Code section 11580.24.
     2. the personal vehicle sharing program must provide coverage for the vehicle “during all times that the vehicle is engaged in personal vehicle sharing” as long as the annual revenue received by the vehicle’s owner which was generated by the personal vehicle sharing of the vehicle does not exceed the annual expenses of owning the vehicle, Cal. Ins. Code section 11580.24(a)(2), and as long as the vehicle is not being used for commercial purposes, including, but not limited to, ridesharing (TNC), Cal. Ins. Code section 11580.24(a)(3)
     3. the vehicle sharing program shall “provide insurance coverage for the vehicle and operator of the vehicle that are equal to or greater than the insurance coverages maintained by the vehicle owner and reported to the personal vehicle sharing program,” Cal. Ins. Code section 115801.24 (c)(1)

III. Personal Lines Insurance

A. Personal Auto

2. Liability/medical payments/uninsured motorist. Be able to identify:

a. how the policy limits are applied to liability, medical, uninsured motorist in a given loss situation

b. for a described loss under Part A – Liability, be able to determine the effect of:

i. supplementarypayments

ii. "out of state coverage," including "financial responsibility" and “no-fault” compliance

iii. split limits vs. single limits coverage

1) Know the difference between the application of the per-accident limit in a split limit policy and a single limit policy

iv. “other insurance”

v. limitations and exclusions applicable to covered bodily injury and/or property damage claims

c. for a described loss under Part B – Medical Payments, be able to determine the amount of coverage available for each insured

i. coverage/limitations/exclusions/applying to Part B – Medical Payments

d. for a described loss under Part C – Uninsured Motorists, be able to differentiate between uninsured and underinsured motorist and know the amount of coverage for each insured:

i. for bodily injury when the at-fault driver is an uninsured or under-insured motorist

ii. for property damage under the uninsured motorist property damage limit of liability

iii. for property damage under a collision deductible waiver

e. under California law, be able to identify:

i. the requirement for offering uninsured motorists coverage in policies providing bodily injury liability, and how an insured may reject the coverage, Cal. Ins. Code section 11580.2(a)(1)

ii. driving history report (MVR) issues – Fair Credit Reporting Act

1) Know that a consumer credit report cannot be used as the basis of a decline to insure or as a premium factor in California

III. Personal Lines Insurance

A. Personal Auto

3. Physical damage/miscellaneous

a. In a described loss, be able to identify:

i. what constitutes physical damage

ii. if theloss is covered and for how much after applying any deductibles

iii. the standard basis of valuation for the automobile

iv. an insurer’s options in making a loss settlement with the insured

v. under what circumstances transportation expenses are reimbursed

vi. the coverage for personal effects

vii. the relationship between Other Than Collision (OTC) coverage and comprehensive coverage (ISO uses newer “OTC,” many insurers still use “comprehensive”)

1) Know that OTC coverage is a type of property insurance coverage

viii. insured's duties after a loss

b. be able to identify common auto endorsements

i. miscellaneous type vehicle endorsement

ii. limited Mexico coverage endorsement

iii. towing and labor coverage

iv. trust endorsement

v. joint ownership

vi. auto loan/lease endorsement (GAP coverage)

vii. impact of shared rides on personal auto insurance named non-owner coverage

viii. extended non-owned liability coverage – vehicle furnished or available for regular use

ix. optional limits – transportation expenses coverage

x. customizing equipment coverage

III. Personal Lines Insurance

A. Personal Auto

4. California Automobile Assigned Risk Plan (CAARP). Be able to identify:

a. the purpose of CAARP

i. who is eligible to place business with CAARP

ii. the eligibility requirements for applicants

iii. how business is placed through CAARP

iv. the coverages and limits available and/or required

v. when coverage may be bound

vi. when commercial risks are also eligible for "assigned risk" coverage

b. California’s Low-Cost Automobile Insurance (CLCA); be able to identify:

i. what is “low-cost automobile insurance”

ii. the coverages and limits available

iii. eligibility to purchase low-cost automobile insurance

iv. the cancellation and renewal procedures for low-cost automobile insurance

v. the costs for this insurance

III. Personal Lines Insurance

A. Personal Auto

5. Recreational Vehicles (RVs)

a. know that endorsements can be added to a Personal Auto Policy (PAP) to provide coverage for RVs

b. be able to differentiate between a private passenger vehicle and a commercial vehicle and know that:

i. RVs are generally both designed as and used as private passenger vehicles

ii. under CVC sections 260 and 362, a three-axle RV is not considered a commercial vehicle and meets the definition of “private passenger vehicle” in Cal. Ins. Code section 660(a)(1)

iii. once an RV is added to the PAP, the existing coverage of the PAP is extended to this added vehicle

III. Personal Lines Insurance

A. Personal Auto

6. Motorcycles. Be able to explain:

a. why motorcycles generally are not covered by a PAP and generally cannot be added as an endorsement

b. how to insure vehicles with less than four wheels

c. why specialty motorcycle policies may have limitations in the areas of medical payments and uninsured motorist

III. Personal Lines Insurance

B. Umbrellas and Excess Liability Insurance. Be able to identify:

1. The difference between umbrella and excess liability insurance

2. The benefits of umbrella and excess liability insurance

3. How uninsured motorist and underinsured motorist coverage is extended under an umbrella or excess liability policy

4. Underlying policy limits that are commonly required to be maintained by the umbrella insurer

5. What a self-insured retention is and how it is applied to a loss

6. Standardized umbrella policies and their availability